



Arizona Hospital and Healthcare Association

THERE TO CARE: INVESTING IN A HEALTHY ARIZONA

FACT SHEET

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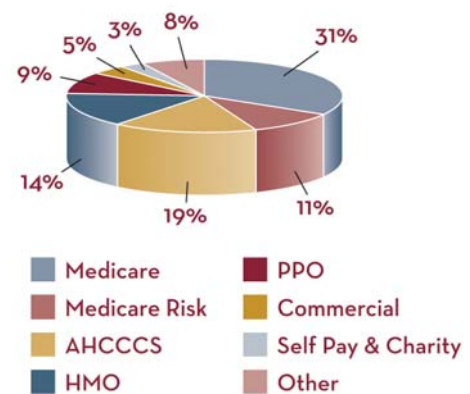
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The Facts About the Hidden Tax on Business & Arizona Healthcare

Government Purchases a Substantial Portion of the Healthcare Pie

- Medicare and Medicare Risk account for 42 percent of all Arizona hospital inpatient revenues.
- Arizona’s Medicaid program (known as AHCCCS, or Arizona Health Care Cost Containment System) represents 19 percent of all Arizona hospital inpatient revenues.
- Together, Medicare and Medicaid account for 60 percent of all hospital inpatient revenues.¹

AZ Hospital Inpatient Revenues



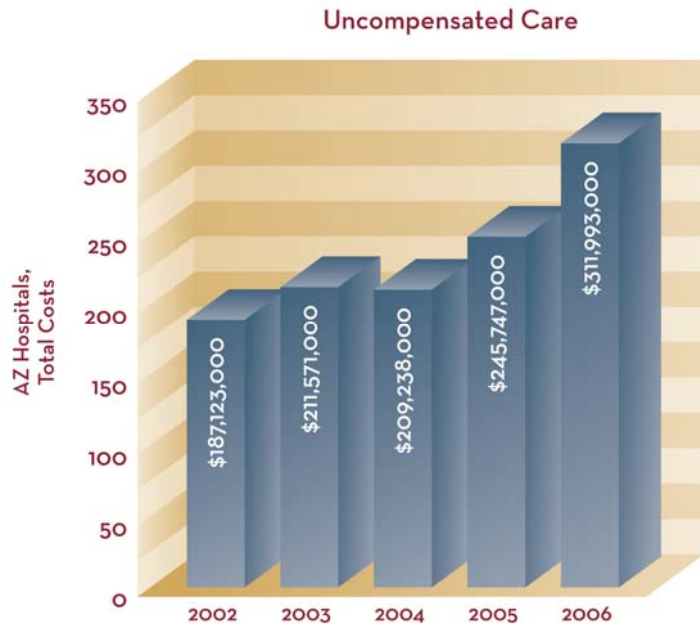
Medicare & Medicaid Do NOT Cover the Cost of Care

- A recent AHCCCS-sponsored study found that hospitals are paid 88 cents on the dollar for services to Medicaid patients.²
- Arizona hospitals are paid 7 percent less than what it costs them to provide care to Medicare patients.³
- Arizona’s rural hospitals would be especially vulnerable to inadequate Medicaid payments, due to larger numbers of uninsured residents. An estimated 24 percent of rural Americans don’t have health insurance, compared with 18 percent of all Americans.⁴

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Arizona's Abysmal Uninsured Rate Drains Hospitals

- At 21 percent, Arizona's uninsured rate is fourth highest in the nation. This means 1.3 million of Arizona's approximately 6 million residents have no health coverage.⁵
- In 2006, Arizona hospitals provided nearly \$312 million of healthcare service for which they were not paid. This represents a 26 percent increase from 2005 when Arizona's hospitals collectively provided nearly \$246 million in uncompensated care.⁶
- By 2010, the cost of healthcare provided to people without health insurance that is not paid out-of-pocket by the uninsured will exceed \$60 billion.⁷
- Arizona ranks 45th nationally in children's health coverage. Currently, there are more than 250,000 uninsured children in Arizona.⁸



Inadequate Reimbursement Creates a "Hidden Tax" on Businesses & Patients

- Cost shifting means that purchasers of private health insurance effectively pay a "tax" in order to finance the care of patients who are uninsured or covered by public insurance programs such as Medicare or Medicaid.
- Health insurance premiums for Arizona families, on average, were \$1,293 higher in 2005 due to the cost of healthcare for which the uninsured are unable to pay, or by other sources of reimbursement.⁹
- Further cuts in AHCCCS reimbursement will only increase the cost of care for Arizona businesses and healthcare consumers, i.e., those with private insurance or employer-sponsored health plans.

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Fact Sheet Sources:

- 1 Intellimed, 12 months ending June 30, 2007
- 2 Milliman, Inc., 2006 study of reimbursement on behalf of AHCCCS
- 3 American Hospital Association, 2005
- 4 *The Fragile State of Hospital Finances*, American Hospital Association, 2005
- 5 U.S. Bureau of the Census, Current Population Survey, 2007
- 6 Uniform Accounting Reports, Arizona Department of Health Services, 2007
- 7 *Paying a Premium: The Increased Cost of Care for the Uninsured*, Families USA, 2005
- 8 Annie E. Casey Foundation, KidsCount, 2006
- 9 *Paying a Premium: The Increased Cost of Care for the Uninsured*, Families USA, 2005